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**Leyland to Cut
12,500 Workers,
Reorganize Firm**

**Chairman Says Steps Needed
To Save Concern as Share
Of Market Drops Sharply**

By a WALL STREET JOURNAL Staff Reporter
LONDON—Michael Edwardes, chairman of British Leyland Ltd., announced plans to cut the U.K. state-owned car company's work force at least 12,500, or almost 7%, and institute a major reorganization.

He said the steps were needed to save the concern. "Nothing is more damning than our steady decline in market share against a rising market: People are literally walking past our showrooms without a second look," he declared. The plans were unveiled to a meeting of shop stewards in Coventry.

The job cuts would be in a work force of 180,000. They would be attained by attrition, layoffs or plant closings, or a combination of all three, Mr. Edwardes said. He warned that if British Leyland couldn't produce quality cars and regain a larger share of the market, the job cutbacks would have to be greater.

The company's sales slipped last year to 24% from 27% of the U.K. market and in January dropped further to 20.7%. The company has been plagued by labor problems and car recalls and its first half profit was down substantially for 1977. The full-year report won't be available until next month.

Mr. Edwardes, who became chairman of Leyland Nov. 1, outlined plans to split the company's car-making operations into smaller units. For car operations, a new overall umbrella company would be established, known as BL Cars Ltd. Under it would be three subsidiaries, Mr. Edwardes said, which would be more manageable units "you could get your arms around."

Each of the three would employ 40,000 workers. The units would be Austin Morris Ltd., Jaguar Rover Triumph Ltd. and BL Components Ltd. Leyland's noncar operations, which employ about 50,000 workers, would be handled by two other newly organized units: Leyland Vehicles Ltd. for trucks and commercial vehicles, and SP Industries Ltd. for military vehicles, refrigeration units and construction equipment.

At the union meeting, shop stewards gave overwhelming backing to the plans, although they had been pressing earlier for expansion of production, rather than a cut in the work force. The union officials approved a resolution stating that every effort would be made to improve quality and reduce labor disputes. "There is a common aim to make British Leyland car operations profitable and to secure its future," the resolution said.

The Leyland executive also announced plans for two new products. A new small car longer and wider than the British Mini would be made at Longbridge, Birmingham. Mr. Edwardes emphasized it wouldn't be a replacement for the Mini. A new medium-sized car would be built at Cowley, Oxford, and production capacity for the Land Rover and Range Rover would be expanded.

The company's plans are to go to its board for approval next week. Then next month the reorganization and new product plans will be presented for approval to the government's National Enterprise Board, which holds the U.K.'s stake in the concern. While additional government funds would be sought from Parliament, Mr. Edwardes didn't give any indication of the amount.